

CITY OF SAN ANTONIO

**FIVE YEAR FINANCIAL
FORECAST**

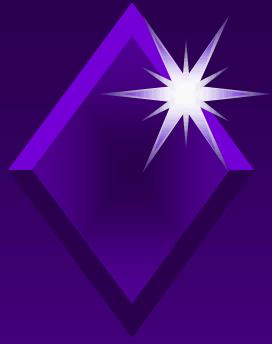
FISCAL YEARS 2005-2009



FIVE YEAR FINANCIAL FORECAST OVERVIEW

- ◆ Purpose
- ◆ FY 2004 Financial Status
- ◆ Economic Perspective & Outlook
- ◆ General Fund Forecast
- ◆ Other Funds Forecast
- ◆ Budget Schedule

PURPOSE OF FORECAST

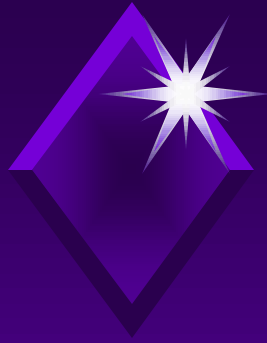


PURPOSE OF FORECAST

- ◆ Budgetary Planning Tool
- ◆ Basis for Goals & Objectives Worksession
- ◆ Provides Fiscal & Economic Background Information
- ◆ Projects Current Services for 5 Years Under Defined Assumptions
- ◆ Identifies Mandates and Policy Issues
- ◆ Identifies Nature and Size of Problems Early
- ◆ Shows Long Term Impact of Budgetary Decisions

FY 2004

FINANCIAL STATUS

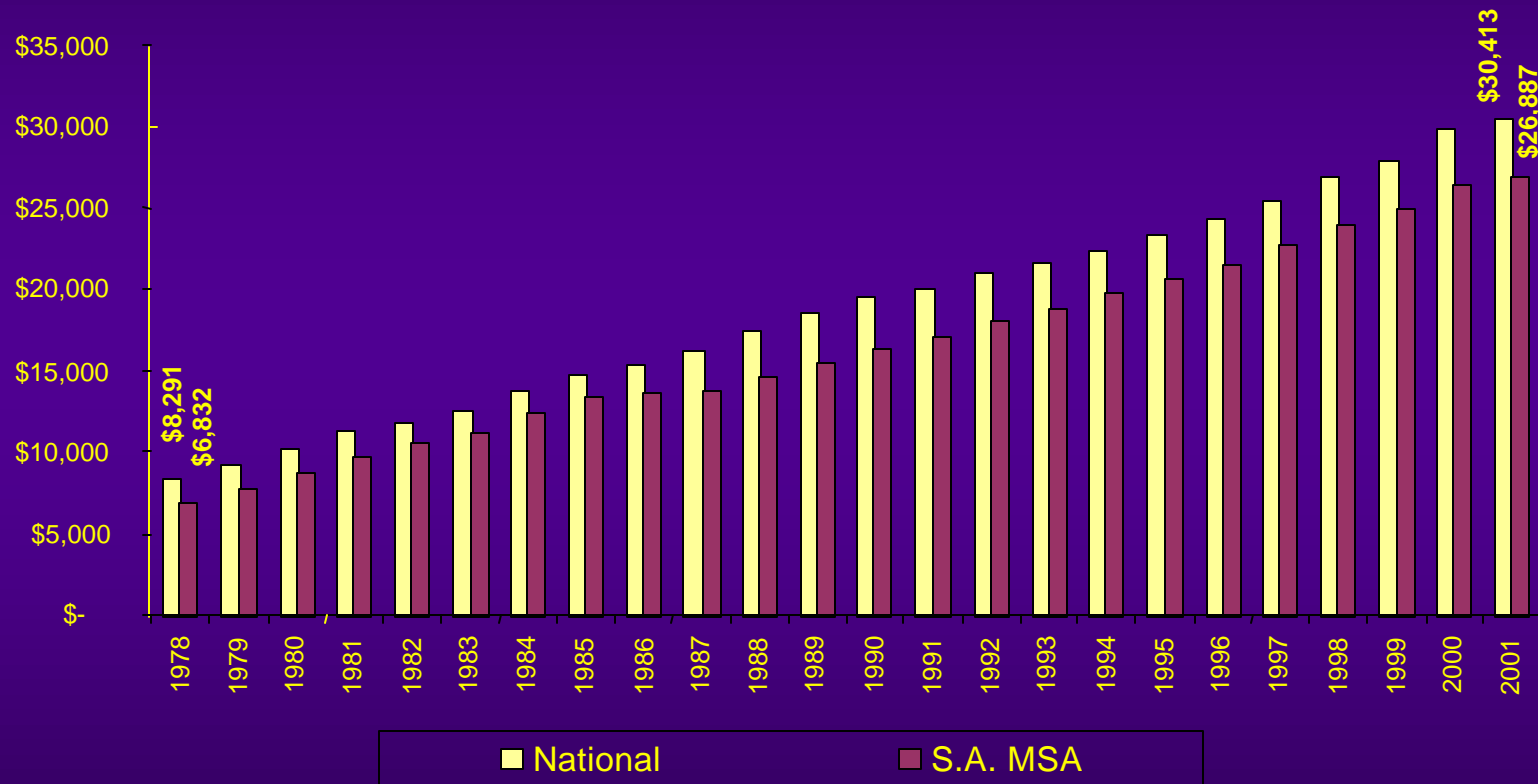


FY 2004 Financial Status

- ◆ FY 2004 1st Quarter Financial Status Report and Financial Forecast Update presented to City Council at January 29 B-Session
- ◆ Projected FY 2005 General Fund Shortfall: \$30.8 M
- ◆ FY 2004 2nd Quarter Status Report indicated that City was on target with FY 2004 budget for both revenues and expenditures

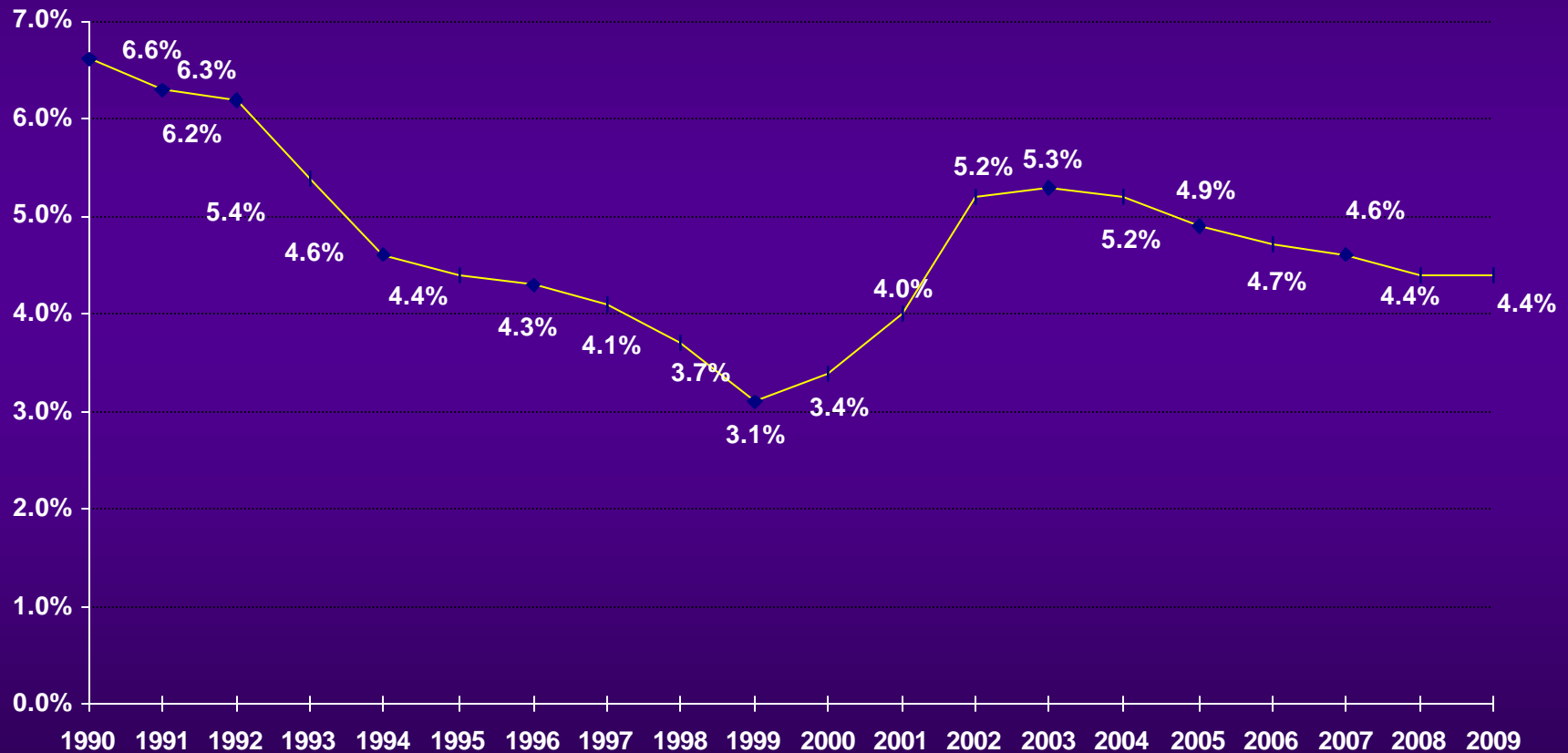
ECONOMIC PERSPECTIVE & OUTLOOK

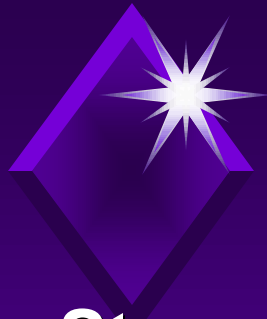
National vs. San Antonio MSA Per Capita Income Cumulative Rates of Growth 1978 to 2001



- San Antonio MSA has had faster per capita income growth than the nation as a whole since 1990

San Antonio MSA Unemployment Rates Actual thru 2003/Predicted 2004 to 2009

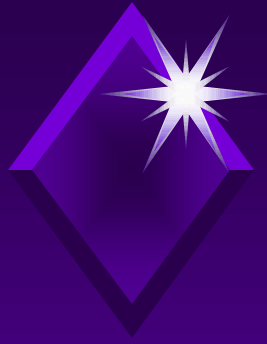




ECONOMIC UPDATE & OUTLOOK - Summary

- ◆ **Strongest large metro area economy in state**
 - ➔ Strengths in services sector, including biotechnology and healthcare
 - ➔ Joblessness rates remain below state and national rates
- ◆ **Emerging Manufacturing Sector**
 - ➔ **Toyota**
 - ⇒ 5,600 direct jobs created in the local economy
 - 1,800 direct jobs - \$100 million in annual payroll
 - 1,000 supplier manufacturing jobs projected
 - ➔ **Maxim Integrated Products**
 - ⇒ \$78 million investment in Philips Plant

GENERAL FUND FORECAST

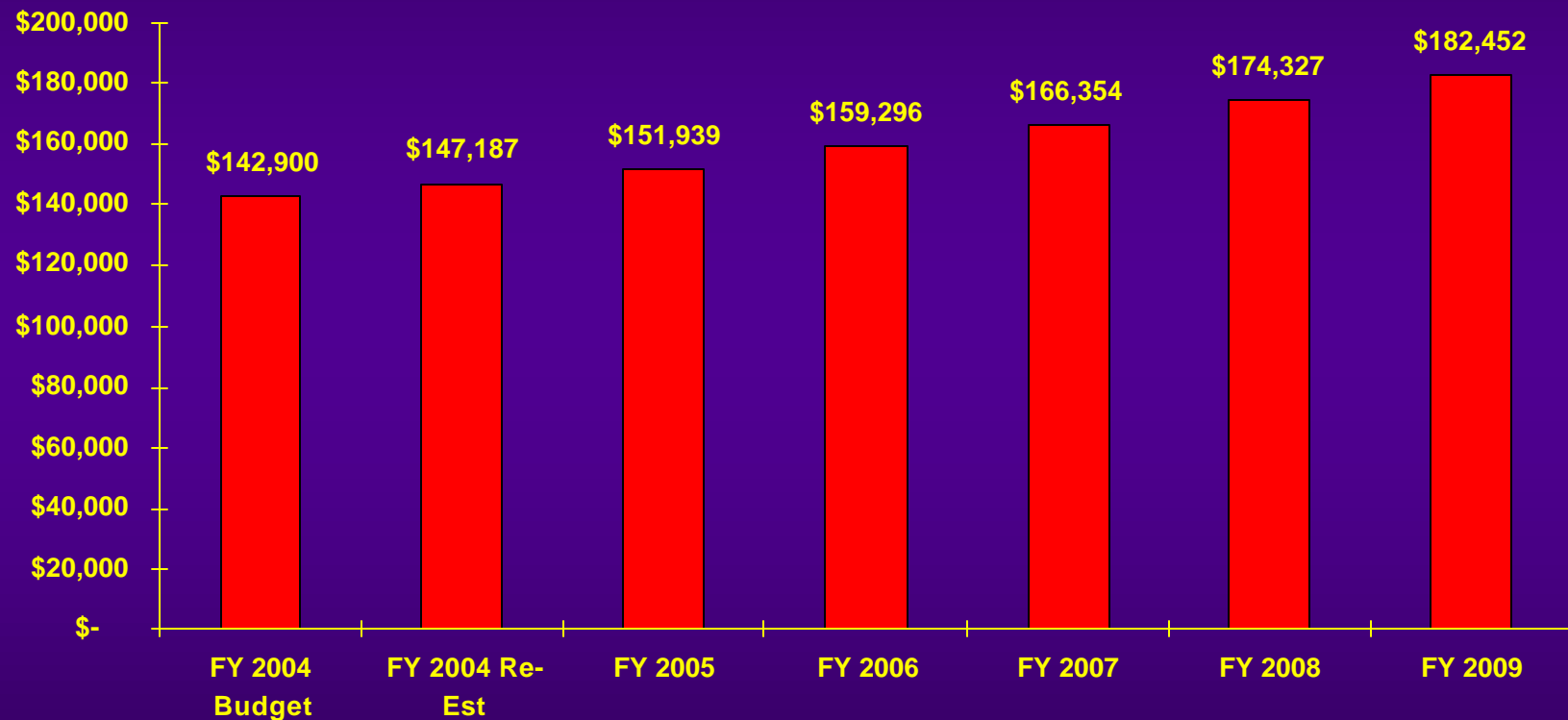


GENERAL FUND REVENUE GROWTH ASSUMPTIONS

◆ 79.0% of Available Resources From:

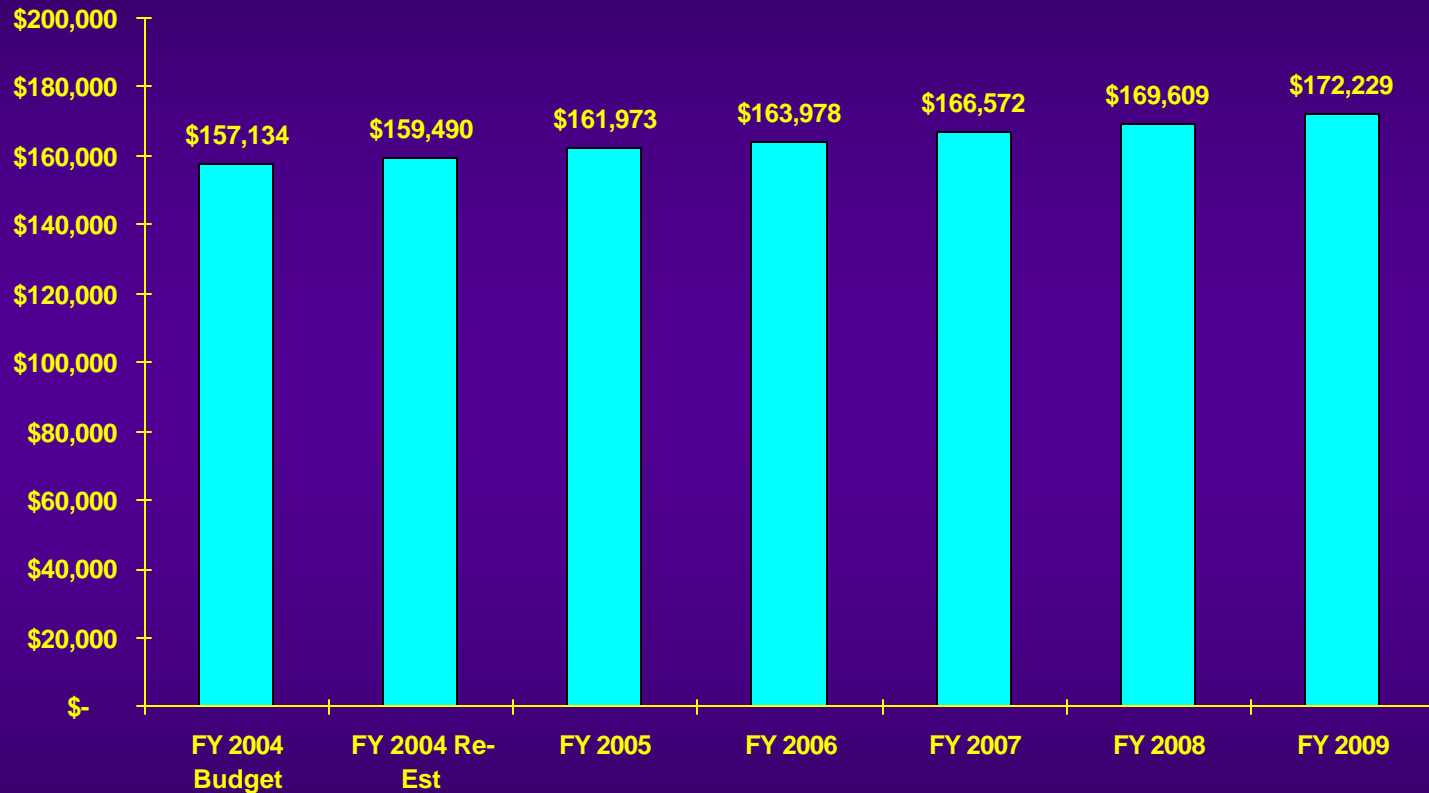
- Sales Tax
- Property Tax
- City Public Service

SALES TAX PROJECTED REVENUES (In Thousands)

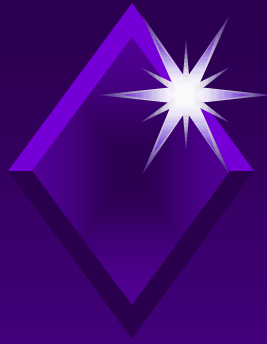


•Revenues projected in FY 2004 at 3.00% above budget and then increase 3.23%, 4.84%, 4.43%, 4.79%, & 4.66% in each year, respectively, over the Forecast Period

PROPERTY TAX PROJECTED REVENUES (In Thousands)



- Revenues projected to come in FY 2004 1.5% over budget, increase 1.56% in FY 2005, and then no more than 1.82% each year, respectively, through FY 2009.
- Projections Based on 97.5% Collection Rate in each year



CPS Revenues

◆ Volatile Source of Revenue

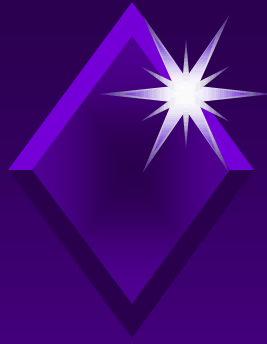
- ➔ Actual FY 2001 revenues \$182.4 M: 22.6% over budget (\$148.8 M)
- ➔ Actual FY 2002 revenues \$165.1 M: 0.4% under budget (\$165.8 M)
- ➔ Actual FY 2003 revenues \$204.0 M: 20.7% above budget (\$169.0 M)
- ➔ Re-est. FY 2004 revenues \$182.4 M: 2.65% over budget (\$177.7 M)

CPS PROJECTED REVENUES

(In Thousands)



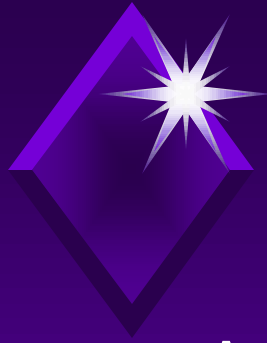
- Revenues projected to increase 2.65% in FY 04 Re-Estimate and no more than 1.54% in remaining years of forecast Period.
- Conservative Projections Based on CPS Input -- does not include growth in demand and discounts CPS projections of high natural gas prices.



GENERAL FUND EXPENDITURE GROWTH ASSUMPTIONS

Inflation Rate Projections

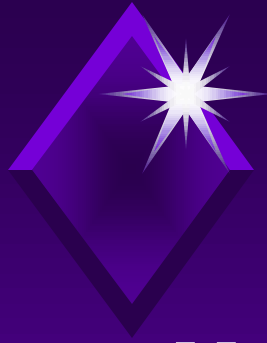
- ◆ FY 05: 2.5%
- ◆ FY 06: 2.5%
- ◆ FY 07: 2.6%
- ◆ FY 08: 2.6%
- ◆ FY 09: 2.6%



GENERAL FUND EXPENDITURE GROWTH ASSUMPTIONS (Cont.)

- ◆ Assessment increases needed to maintain pace with rising Employee Benefits and Workers' Compensation costs
- ◆ \$16.6 million in added costs to General Fund
 - ➔ FY 2005 costs account for both FY 2004 increase and FY 2005 new increase
 - ⇒ FY 2004 Adopted Budget included \$4.15 M in one-time money to address employee benefits assessments
 - ➔ Projected Annual Rates of Assessment Increases:

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Employee Benefits	38%	13%	10%	10%	10%
Workers' Comp	20%	15%	15%	0%	0%



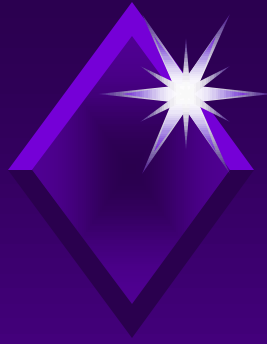
MANDATES

- ◆ **Mandates Represent Obligations Falling Into One of The Following Categories:**
 - **Contractual Obligations**
 - **Operating & Maintenance Expenses for Completed Capital Projects (e.g. 1999 and 2003 Bond Programs, Proposition 3)**
 - **Requirements of Other Governmental Agencies**

Mandates by Department Incrementally (In Thousands)

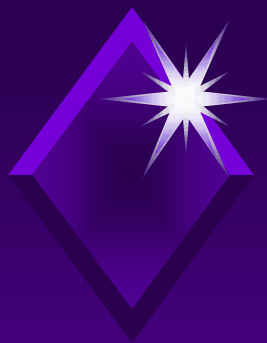
Summary of General Fund Mandates

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Community Initiatives	\$131	\$36	\$0	\$0	\$0
Fire	7,390	396	678	321	284
Library	141	404	215	0	0
Neighborhood Action	459	283	570	242	419
Non-Departmental/Transfers	880	160	39	74	0
Parks	478	361	76	598	213
Police	7,163	10,235	595	567	589
Public Works	153	19	21	22	22
<hr/>					
Total Recurring	\$16,041	\$11,850	\$2,169	\$1,694	\$1,500
Total One-Time	\$755	\$44	\$349	\$129	\$29
 TOTALS:	 \$16,796	 \$11,894	 \$2,518	 \$1,823	 \$1,529



POLICY ISSUES

- ◆ **Forecast includes added costs to implement a 3% civilian market salary adjustment in FY 2005**
 - ➔ **Not a mandate, but reflects previously stated Council policies**
 - ➔ **\$4.038 Million**



General Fund Forecast (In Thousands)

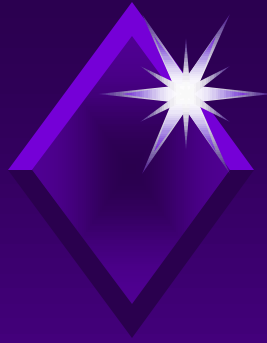
	FY 2004 Rev Adoptec	FY 2004 Re-Est	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Balance*	\$30,408	\$41,484	\$20,384	\$0	\$0	\$768	\$5,416
Adjustment for Reserves	369	0	0	0	0	0	0
Current Revenue	608,929	618,541	626,395	642,388	657,803	674,143	690,473
Total Avail. Resources	639,706	660,025	646,779	642,388	657,803	674,911	695,889
Current Svcs. Exp.	639,641	639,641	630,633	635,256	640,206	645,152	650,412
Added Emp. Health & Workers' Comp. Cost	0	0	16,661	24,346	31,569	37,609	44,258
New Exp. Base	639,641	639,641	647,294	679,681	703,704	716,859	730,462
Civilian Compensation Policy Issues	0	0	4,038	0	0	0	0
New Recurring Mandates	0	0	16,041	11,850	2,169	1,694	1,500
New One-Time Mandates	0	0	755	44	349	129	29
Total Expenditures	639,641	639,641	668,128	691,575	706,222	718,682	731,991
Prior Years Adjust.	0	0	0	(21,349)	(49,187)	(49,187)	(49,187)
New Adjustment Rq'd	0	0	(21,349)	(27,838)	0	0	0
Ending Balance *	\$65	\$20,384	\$0	\$0	\$768	\$5,416	\$13,085
Reserve for Revenue Loss	\$23,168	\$23,168	\$23,168	\$23,168	\$23,168	\$23,168	\$23,168

*Does not include Reserve for Revenue Loss

General Fund Forecast for FY 2005

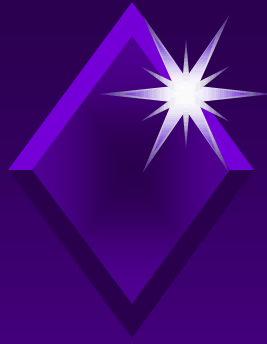
(In Thousands)

	FY 2005 Forecast
Beginning Balance	\$20,384
Current Revenue	<u>626,395</u>
Total Avail. Resources	646,779
Current Svcs. Exp.	630,633
Mandates	<u>16,796</u>
	647,429
<i>Difference without Policy Issues</i>	(650)
Health Benefits and Workers' Compensation Policy Issue	16,661
Civilian Compensation Policy Issue	<u>4,038</u>
Total Policy Issues	20,699
Total Expenditures with Mandates & Policy Issues	<u>668,128</u>
<i>Difference with Mandates and Policy Issues</i>	(\$21,349)



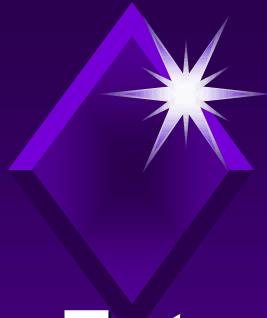
GENERAL FUND FORECAST

- ◆ **FY 2004 Re-Estimated Beginning Balance: \$11.1 M over FY 2004 Adopted Beginning Balance**
- ◆ **FY 2004 Current Services Revenue Re-estimate: \$9.6 M above Budget**
- ◆ **FY 2004 Expenditures: Reflects 100% of budget spent**
- ◆ **FY 2005 Projected Expenditures exclude one-time expenditures budgeted for FY 2004**
 - ➔ **Funded primarily with excess CPS revenues**



POLICY ISSUES

- ◆ **Forecast also includes discussion of emerging issues that will likely have direct fiscal impacts to the City over the Forecast period.**
 - ➔ **No costs are included in the General Fund analysis for these issues**



POLICY ISSUES

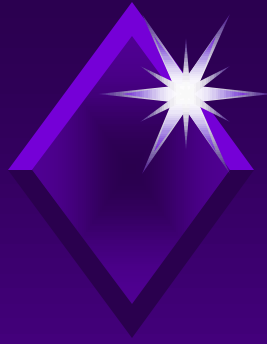
- ◆ **Future Base Closures/Military Initiatives**
- ◆ **Fire and Police Collective Bargaining**
- ◆ **Balanced Growth**
- ◆ **City/County Consolidation**
- ◆ **Proposition 13**
- ◆ **Governor's Public School Finance Proposal**
- ◆ **Air Quality**
- ◆ **SAWS Market Street Facility**
- ◆ **Model Governance**



Options for Addressing FY 2005 Shortfall (Continued)

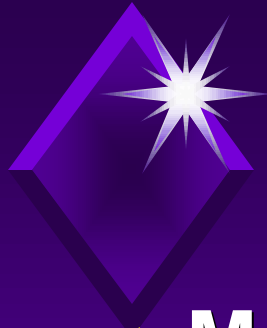
- ◆ **Decrease expenditures**
- ◆ **Increase revenues**
- ◆ **Combination of increased revenues and decreased expenditures**

OTHER FUNDS FORECAST



OTHER FUNDS FORECAST

- ◆ **Community and Visitor Facilities**
- ◆ **Golf**
- ◆ **Storm Water**
- ◆ **Aviation**
- ◆ **Environmental Services**
- ◆ **Parking**
- ◆ **Employee Benefits**
- ◆ **Workers Compensation**

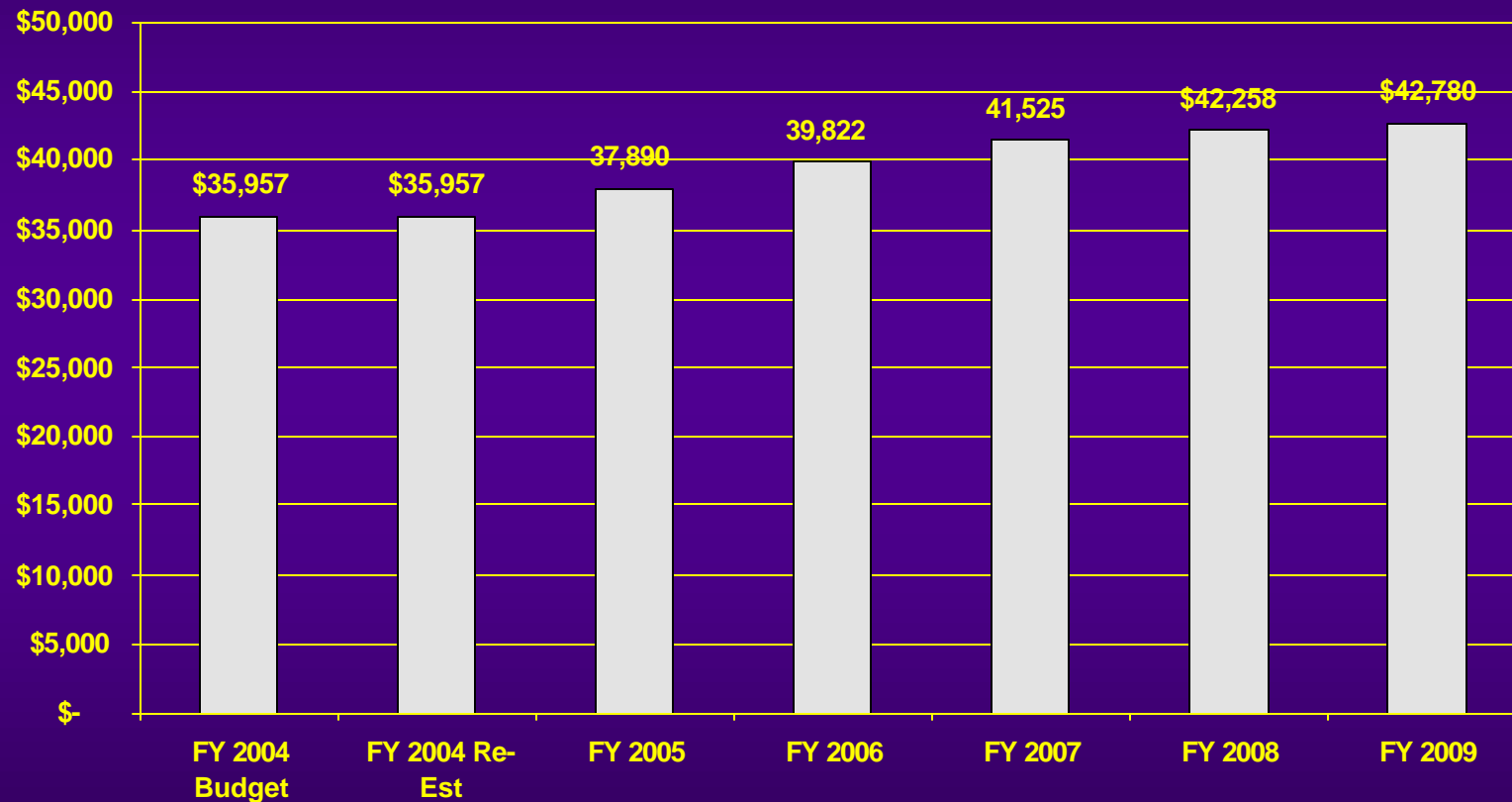


COMMUNITY & VISITOR FACILITIES FUND

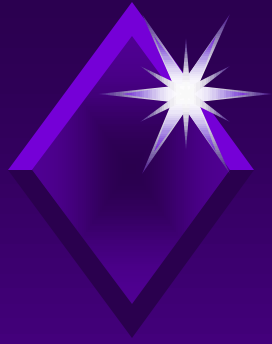
◆ Major Revenue Sources

- **Hotel/Motel Occupancy Tax**
 - 16.75% levied on every room night charge
 - 1.75% for SBC Center arena, 7% for the City, 6% for the State and 2% for the Convention Center expansion project
- **Convention Center Revenues**
 - Includes facility rentals, catering commissions and various event-related fees
- **Alamodome and Wolff Stadium Revenues**
 - Includes facility rentals, concessions, parking and various event-related fees

PROJECTED HOTEL/MOTEL TAX REVENUE (In Thousands)

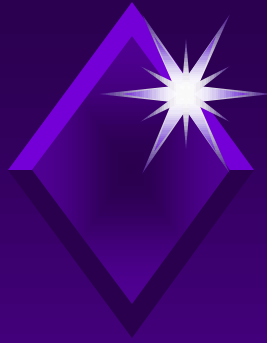


- Projected revenues to increase 5.38%, 5.10%, 4.28%, 1.77% & 1.24% in each year, respectively, over Forecast Period



COMMUNITY & VISITOR FACILITIES FUND FORECAST

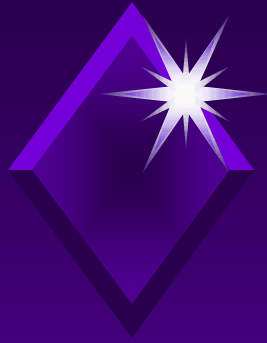
- ◆ **FY 2004 Hotel/Motel Tax revenue projected to come in at the budgeted amount \$35.9 M**
- ◆ **As economy improves and tourism increases, annual rates of revenue increase will also improve**



COMMUNITY & VISITOR FACILITIES FUND

◆ Major Expenditures

- Convention & Visitors Bureau
- Convention Facilities
- Alamodome
- Wolff Stadium
- International Affairs
- Cultural Affairs
- Arts Outside Agencies



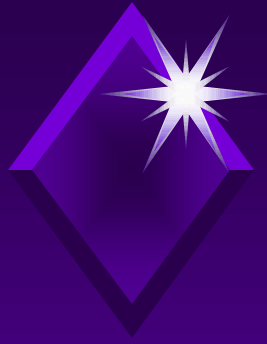
COMMUNITY & VISITOR FACILITIES FUND

◆ Mandates

<u>Department</u>	<u>Program</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Convention & Visitors Bureau	Hosting Obligations	432	290	181	116	28
Alamodome	NCAA Hosting Obligations	0	99	334	439	0
Convention Facilities	Maintenance Contract	33	14	14	15	15
All Departments	ERM Hardware and Software Maint.	79	16	4	7	0
	Recurring Mandates	112	30	18	22	15
	One-Time Mandates	432	389	515	555	28
	TOTALS	544	419	533	577	43

Community & Visitor Facilities Fund Forecast (In Thousands)

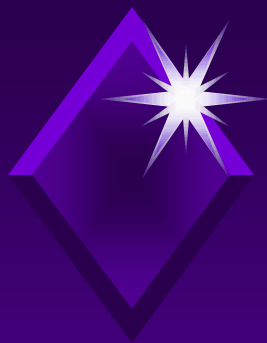
	FY 2004 Rev Adopted	FY 2004 Re-Est	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Balance	\$2,641	\$3,156	\$915	\$0	\$771	\$1,726	\$2,113
Adjustment for Reserves	0	0	0	0	0	0	0
Current Revenue	54,155	52,964	52,781	55,762	57,410	58,233	58,560
Total Avail. Resources	56,795	56,120	53,696	55,762	58,180	59,958	60,673
Current Svcs. Exp.	55,205	55,205	56,072	57,088	58,083	59,060	59,716
Added Emp. Health & Workers Comp. Costs	0	0	644	938	1,261	1,613	2,007
New Exp. Base (w/Mandates & Policy Issues)	55,205	55,205	56,717	58,632	59,979	61,327	62,399
Civilian Compensation Policy Issue	0	0	494	0	0	0	0
New Recurring Mandates	0	0	112	30	18	22	15
New One-Time Mandates	0	0	432	389	515	555	28
Total Expenditures	55,205	55,205	57,755	59,050	60,513	61,904	62,442
Prior Years Adjust.	0	0	0	(4,059)	(4,059)	(4,059)	(4,059)
New Adjustment Rq'd	0	0	(4,059)	0	0	0	0
Ending Balance	\$1,590	\$915	\$0	\$771	\$1,726	\$2,113	\$2,289
Goal: 1 Month Operating Expenses	\$4,600	\$4,600	\$4,813	\$4,921	\$5,043	\$5,159	\$5,204



COMMUNITY & VISITOR FACILITIES FUND

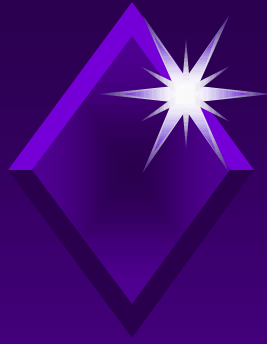
◆ Policy Issues

- ➔ Alamodome
- ➔ Soccer
- ➔ Convention/Tourist Industry Recovery
- ➔ Convention Center Headquarters Hotel



GOLF FUND FORECAST

	FY 2004 Rev Adopted	FY 2004 Re-Est	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Balance	(\$1,107)	(\$1,277)	(\$1,113)	\$0	\$1,006	\$1,903	\$2,695
Current Revenue	6,674	6,633	6,569	6,632	6,696	6,761	6,826
Total Avail. Resources	5,567	5,356	5,456	6,632	7,703	8,664	9,522
Current Svcs. Exp.	6,469	6,469	6,585	6,749	6,929	7,108	7,285
Added Emp. Health & Workers' Comp. Cost	0	0	85	89	82	72	80
New Exp. Base	6,469	6,469	6,670	6,940	7,115	7,284	7,470
Civilian Compensation Policy Issues	0	0	93	0	0	0	0
New Recurring Mandates	0	0	9	2	0	1	0
Total Expenditures	6,469	6,469	6,772	6,942	7,115	7,285	7,470
Prior Years Adjust.	0	0	0	(1,316)	(1,316)	(1,316)	(1,316)
New Adjustment Rq'd	0	0	(1,316)	0	0	0	0
Ending Balance	(\$903)	(\$1,113)	\$0	\$1,006	\$1,903	\$2,695	\$3,368
Goal: 1 Month Operating Expense	\$539	\$539	\$564	\$578	\$593	\$607	\$622



STORM WATER FUND

◆ Major Revenue Sources

- Storm Water fee is assessed to all property platted within the City that receive water or sanitary sewer service
- 3.38% rate increase included in FY 2004 Budget
- No additional rate increases are assumed in the Forecast

Storm Water Fund Forecast (In Thousands)

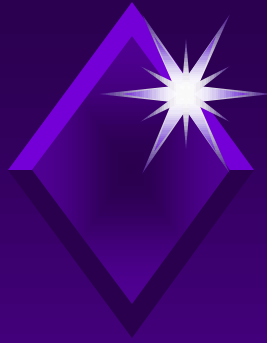
	FY 2004 Rev Adopted	FY 2004 Re-Est	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Balance	\$325	\$756	\$1,152	\$902	\$707	\$555	\$474
Current Revenue	22,153	22,123	22,572	23,033	23,497	23,969	24,451
Total Avail. Resources	22,478	22,879	23,723	23,935	24,204	24,524	24,924
Current Svcs. Exp.	21,719	21,728	22,061	22,672	23,094	23,506	23,904
Added Emp. Health & Workers' Comp. Cost	0	0	496	271	253	222	244
New Exp. Base	21,719	21,728	22,557	23,208	23,631	24,031	24,471
Civilian Compensation Policy Issues	0	0	227	0	0	0	0
New Recurring Mandates	0	0	38	20	18	20	18
Total Expenditures	21,719	21,728	22,822	23,228	23,649	24,051	24,489
Ending Balance	\$758	\$1,152	\$902	\$707	\$555	\$474	\$436
Goal: 1 Month Operating Expense	\$1,810	\$1,811	\$1,902	\$1,936	\$1,971	\$2,004	\$2,041



Storm Water Fund

◆ Policy Issues

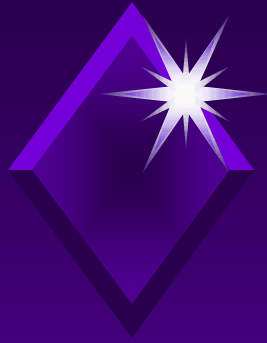
- ➔ SAWS Contracted Services
- ➔ Regional Flood Control and Water Quality Management Program
- ➔ Natural Creekway Maintenance



AVIATION FUND

◆ Major Revenue Sources

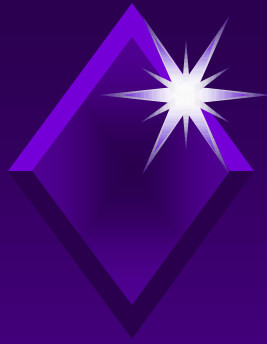
- Various user fees such as landing fees, parking fees, car rentals and building rentals
- Consistent and steady growth in revenue collection is projected due to an anticipated increase in air travel and tourism



AVIATION FUND

◆ Mandates

<u>Department</u>	<u>Program</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Aviation	Fire Contract	\$146,726	\$0	\$0	\$0	\$0
Aviation	Concourse B CIP - Recurring	0	0	160,036	56,849	0
Aviation	Concourse B CIP - 1 Time	0	0	59,410	0	0
Aviation	Parking Garage CIP - Recurring	0	0	108,282	106,732	0
Aviation	Parking Garage CIP - 1 Time	0	0	50,960	0	0
Aviation	ERM Hardware and Software Maintenance	56,000	11,000	3,000	5,000	0
Recurring Mandates		\$202,726	\$11,000	\$271,318	\$168,581	\$0
One-Time Mandates		0	0	110,370	0	0
TOTALS		\$202,726	\$11,000	\$381,688	\$168,581	\$0

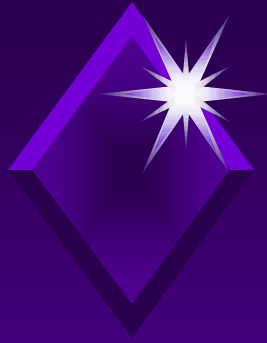


AVIATION FUND FORECAST

(In Thousands)

	FY 2004 Rev Adopted	FY 2004 Re-Est	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Balance	\$6,139	\$6,660	\$6,397	\$5,766	\$5,385	\$5,385	\$4,728
Current Revenue	42,757	43,052	45,064	46,350	48,037	50,424	52,348
Total Avail. Resources	48,896	49,712	51,461	52,116	53,422	55,809	57,077
Current Svcs. Exp.	43,987	43,316	44,363	45,749	47,080	49,749	51,785
Added Emp. Health & Workers' Comp. Cost	0	0	789	427	401	338	372
New Exp. Base	43,987	43,316	45,152	46,719	48,035	50,912	53,150
Civilian Compensation Policy Issues	0	0	340	0	0	0	0
New Recurring Mandates	0	0	203	11	271	169	0
New One-Time Mandates	0	0	0	0	110	0	0
Total Expenditures	43,987	43,316	45,695	46,730	48,417	51,081	53,150
Ending Balance *	\$4,909	\$6,397	\$5,766	\$5,385	\$5,005	\$4,728	\$3,927
Goal: 1 Month Operating Expenses	\$3,666	\$3,610	\$3,808	\$3,894	\$4,035	\$4,257	\$4,429

* Balance represents Airport Bond covenant-required restricted operating reserve.

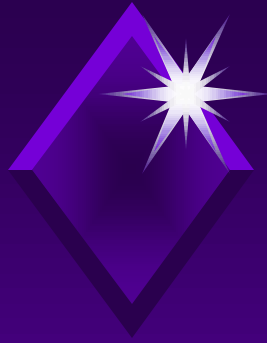


ENVIRONMENTAL SERVICES FUND

◆ Major Revenue Sources

- Solid Waste Fee, Brush Fee and Environmental Fee
- Forecast assumes no rate increase
- Rate History

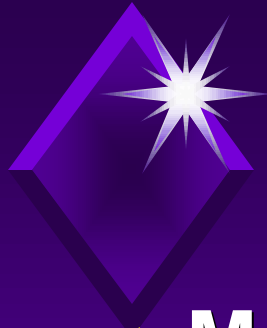
	FY 99/00	FY 00/01	FY 01/02	FY 02/03	FY 03/04
Solid Waste Fee	\$9.20	\$9.20	\$9.20	\$9.71	\$9.71
Brush Collection Fee	\$0.00	\$0.00	\$1.20	\$1.20	\$1.20
Environmental Fee	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
Total	\$10.50	\$10.50	\$11.70	\$12.21	\$12.21



ENVIRONMENTAL SERVICES FUND FORECAST

	FY 2004 Rev Adopted	FY 2004 Re-Estimate	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Balance	\$3,103	\$2,725	\$2,248	\$0	\$0	\$0	\$0
Adjustment for Reserves	0	0	0	0	0	0	0
Current Revenue	50,502	50,773	51,547	52,308	53,082	53,854	54,636
Total Avail. Resources	53,605	53,498	53,795	52,308	53,082	53,854	54,636
Current Svcs. Exp.	51,250	51,250	52,669	54,692	57,414	59,905	62,186
Added Emp. Health & Workers Comp. Costs	0	0	1,415	2,232	2,664	3,136	3,655
New Exp. Base (w/ Mandates & Policy Issues)	51,250	51,250	54,084	56,936	59,281	61,428	63,623
Civilian Compensation Policy Issues	0	0	494	0	0	0	0
New Recurring Mandates	0	0	813	736	793	748	1,004
New One-Time Mandates	0	0	0	0	0	0	0
Total Expenditures	51,250	51,250	55,391	57,672	60,074	62,176	64,627
Prior Years Adjust.	0	0	0	(1,596)	(5,364)	(6,993)	(8,321)
New Adjustment Rq'd	0	0	(1,596)	(3,768)	(1,629)	(1,328)	(1,669)
Ending Balance	\$2,355	\$2,248	\$0	\$0	\$0	\$0	\$0
Goal: 1 Month Operating Expenses	\$3,912	\$4,271	\$4,616	\$4,806	\$5,006	\$5,181	\$5,386

- Assumes no increases in residential collection rate



PARKING FUND

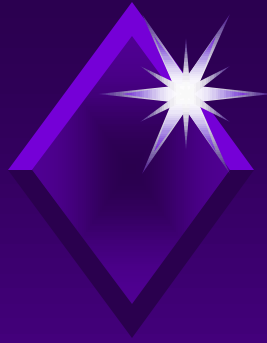
◆ Major Revenue Sources

- **Parking fees established for vehicular parking at all City-owned surface lots, garages and meters**
- **Consistent with covenants associated with the Parking System Revenue Bonds:**
 - **Fee increases are projected in FY 2007 (11%) for aggregate parking garage fees and FY 2009 (11%) for targeted parking fees.**
 - **Fee increases for parking meters are projected in FY 2007 (6.89%) and FY 2009 (5.61%)**



PARKING FUND FORECAST

	FY 2004 Rev Adopted	FY 2004 Re-Est	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Balance	\$2,059	\$2,059	\$2,074	\$2,413	\$2,561	\$3,443	\$4,425
Current Revenue	9,623	9,724	9,907	10,021	10,797	10,841	11,115
Total Avail. Resources	11,682	11,783	11,981	12,434	13,358	14,283	15,540
Current Svcs. Exp.	9,667	9,709	9,393	9,717	9,766	9,712	10,109
Added Emp. Health & Workers' Comp. Cost	0	0	104	81	74	70	77
New Exp. Base	9,667	9,709	9,497	9,870	9,915	9,857	10,262
Civilian Compensation Policy Issues	0	0	59	0	0	0	0
New Recurring Mandates	0	0	13	3	1	1	0
Total Expenditures	9,667	9,709	9,568	9,873	9,916	9,858	10,262
Ending Balance	\$2,015	\$2,074	\$2,413	\$2,561	\$3,443	\$4,425	\$5,277
Goal: 1 Month Operating Expenses	\$806	\$809	\$797	\$823	\$826	\$822	\$855



PARKING FUND

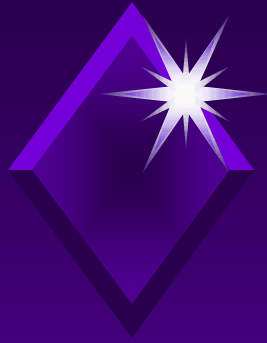
- ◆ **Policy Issues**

- ➔ **Downtown Parking Study**
- ➔ **UTSA/Cattleman's Square**



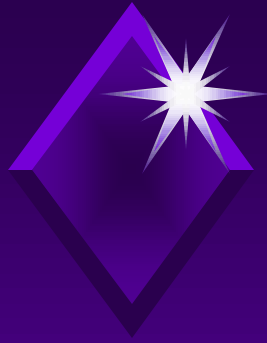
EMPLOYEE BENEFITS FUND

- ◆ Fund supports City employee health insurance program
- ◆ Health insurance provided for each employee and dependents at minimal cost, if standard CitiMed program selected
 - ➔ \$5 for single employee, \$15 for employee plus dependents
- ◆ Health Maintenance Organization (HMO) coverage available at added cost to employee
- ◆ Coverage for retired employees available at a reduced premium cost
- ◆ Revenue primarily comes from assessments against departmental budgets in all City funds



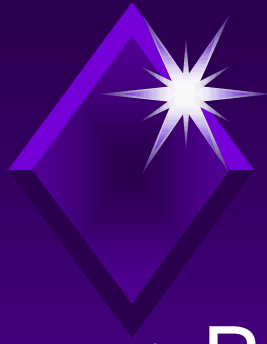
EMPLOYEE BENEFITS FUND - PROJECTED COST INCREASES

- ◆ **Prescription costs have increased 23.93% from FY 2001 to FY 2002 and 15.49% from FY 2002 to FY 2003**
- ◆ **Medical claims costs have increased 16.56 % from FY 2001 to FY 2002 and decreased 4.22% from FY 2002 to FY 2003**
 - ➔ FY 2003 decrease is a result of civilian plan benefit changes and lower incidence of large case claims in 2003
- ◆ **Medical costs and prescription costs are projected to increase by 10% throughout the forecast period**
- ◆ **Assessments in all City funds will need to increase significantly each year to provide the same level of benefits**
- ◆ **With proposed increased assessments, projected shortfalls decline to achieve a positive balance by FY 2009**



EMPLOYEE BENEFITS FUND FORECAST

	FY 2004 Rev Adopted	FY 2004 Re-Est	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Balance	(\$20,981)	(\$19,919)	(\$28,384)	(\$25,771)	(\$21,133)	(\$15,233)	(\$8,021)
Current Revenue	66,939	65,162	84,246	92,701	101,210	110,463	120,632
Total Avail. Resources	45,958	45,243	55,862	66,929	80,078	95,230	112,612
Current Svcs. Exp.	73,627	73,627	81,485	87,880	95,110	103,028	111,716
Added Emp. Health & Workers Comp. Costs	0	0	40	55	70	84	100
New Exp. Base	73,627	73,627	81,524	88,044	95,306	103,243	111,955
Civilian Compensation Policy Issue	0	0	22	0	0	0	0
New Recurring Mandates	0	0	87	18	4	8	0
Total Expenditures	73,627	73,627	81,633	88,062	95,310	103,251	111,955
Prior Years Adjust.	0	0	0	0	0	0	0
New Adjustment Rq'd	0	0	0	0	0	0	0
Ending Balance	(\$27,669)	(\$28,384)	(\$25,771)	(\$21,133)	(\$15,233)	(\$8,021)	\$657



EMPLOYEE BENEFITS FUND

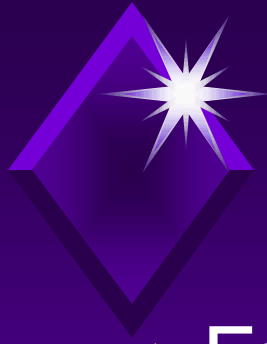
◆ Policy Issues

➡ Key issue is to determine at what level the City will continue to fund benefits for employees

⇒ City currently evaluating proposals for Combined Health and Benefits Plan

- Provides an opportunity to restructure City's benefits plan
- Take advantage of possible network changes and discount improvements

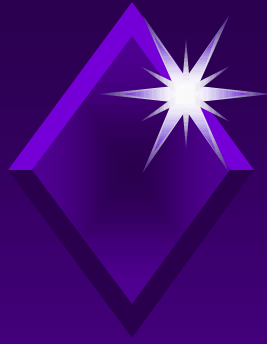
⇒ Goal is to minimize the impact on the employee and offer a greater degree of choice



EMPLOYEE BENEFITS FUND

- ◆ Employee Premium Options without Benefit Changes
 - ➔ 10/90 in FY 2005 and FY 2006
 - ➔ 15/85 in FY 2007, FY 2008 and FY 2009
 - ➔ Assumes Police and Fire contribute beginning in FY 2006
 - ⇒ Contingent upon collective bargaining

		<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Step Rate	Monthly Employee Premium	\$59	\$65	\$106	\$115	\$124
	Monthly City Assessment	\$557	\$593	\$610	\$652	\$707
	Employee Premium Impact - General Fund	2,412	4,897	8,229	9,835	10,782
	Additional City Contribution - General Fund	12,147	15,881	18,087	22,520	28,222



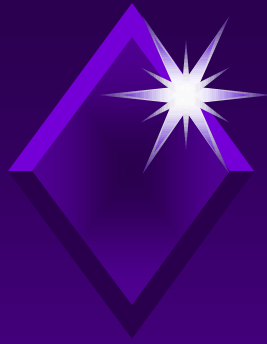
WORKERS' COMPENSATION FUND

- ◆ **Fund is designated to monitor and record all revenues and expenditures associated with the City's Workers' Compensation Program**
- ◆ **Revenue comes from assessments against departmental budgets in all City funds**



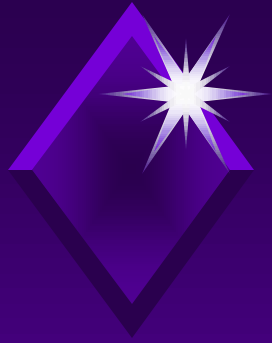
WORKERS' COMPENSATION FUND

- ◆ Fund supports City's Workers' Compensation Program in accordance with State law
- ◆ Revenue comes from assessments against departmental budgets in all City funds
- ◆ Same types of increases in medical expenses noted for Employee Benefits Fund adversely impact this fund
- ◆ Assessments in all City funds will need to increase significantly each year to provide the same level of coverage



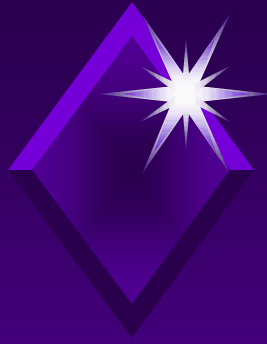
WORKERS COMPENSATION FUND FORECAST

	FY 2004 Rev Adopted	FY 2004 Re-Est	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Balance	(\$4,341)	(\$4,659)	(\$6,617)	(\$7,104)	(\$5,979)	(\$2,791)	(\$33)
Current Revenue	12,057	12,207	14,365	16,443	18,832	18,839	18,846
Total Avail. Resources	7,716	7,548	7,748	9,339	12,853	16,048	18,813
Current Svcs. Exp.	14,165	14,165	14,693	15,052	15,314	15,692	15,967
Added Emp. Health & Workers Comp. Costs	0	0	75	96	118	137	158
New Exp. Base	14,165	14,165	14,768	15,232	15,603	16,041	16,377
Civilian Compensation Policy Issues	0	0	41	0	0	0	0
New Recurring Mandates	0	0	43	87	41	40	43
Total Expenditures	14,165	14,165	14,852	15,319	15,644	16,081	16,420
Prior Years Adjust.	0	0	0	0	0	0	0
New Adjustment Rq'd	0	0	0	0	0	0	0
Ending Balance	(\$6,449)	(\$6,617)	(\$7,104)	(\$5,979)	(\$2,791)	(\$33)	\$2,392



SUMMARY

- ◆ Economy regaining strength in the long term
- ◆ Major challenges projected in the General Fund for FY 2005 and FY 2006
 - With adjustments, challenges become more manageable each year thereafter
- ◆ Other funds face stresses from changing operating requirements and higher costs
- ◆ Significantly higher health insurance fund costs contribute to projected fund shortfalls
- ◆ Corrective actions will be made through the budget process



FY 2005 Budget Schedule

Friday, May 14

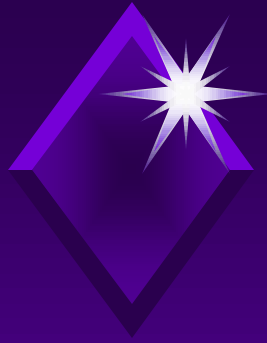
City Council Goals & Objectives Worksession

Thursday, May 20

“B” Session to Wrap-Up FY 2005 Goal Setting Process
Second Budget Open House

Monday, June 7 - Friday, July 17

Management Team reviews operating and capital
budgets with Budget Office and Departments



FY 2005 Budget Schedule

(Continued)

Thursday, August 5

City Manager presents Proposed Budget to City Council

Tuesday, August 10 - Tuesday, September 14

City Council Worksessions on Proposed Budget

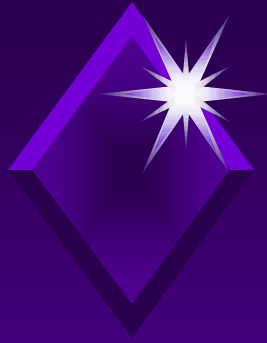
- Tuesdays (evenings): 8/10, 8/17, 8/24, 9/7, 9/14
- Thursdays (mornings & evenings): 8/12, 8/19, 8/26, 9/2, 9/9

Tuesday, August 31

City Council First Budget Public Hearing, 7:00 pm

Thursday, September 2

City Council Tax Rate Public Hearing, 3:00 pm



FY 2005 Budget Schedule

(Continued)

Thursday, September 16

City Council Second Budget Public Hearing and
Consideration of Budget, Tax Rate and Revenues, 3 p.m.

Thursday, September 30

City Council considers Closing Ordinance

To accomplish this schedule the following Council meetings
are rescheduled:

June 17, July 1, July 8, and July 15

CITY OF SAN ANTONIO

**FIVE YEAR FINANCIAL
FORECAST**

FISCAL YEARS 2005-2009